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DEFENSE SYSTEMS^{B.S.} MANAGEMENT COLLEGE



PROGRAM MANAGEMENT COURSE
INDIVIDUAL STUDY PROGRAM

SINGLE MANAGER ASSIGNMENT FOR CONVENTIONAL
AMMUNITION - THE EVOLUTIONARY ISSUES

Study Project Report
PMC 76-2

Paul E. Dovenkerk
Major USAF



FORT BELVOIR, VIRGINIA 22060

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE:

SINGLE MANAGER ASSIGNMENT FOR CONVENTIONAL AMMUNITION
- THE EVOLUTIONARY ISSUES

STUDY PROJECT GOALS: The goals of this study project were to:

- Determine and document the Single Manager Concept from the concept idea to the present (September 1976).
- Determine if or how the DOD Directive 5160.25 and the associated Implementation Plan will affect the procurement, production and disbursement methodologies of the Military Services.
- To document the rationale for and against the Single Manager Concept.

STUDY REPORT ABSTRACT:

This report presents a summary of the evolution of the Single Manager Concept; starting with a Government Accounting Office report that cites inefficiencies in procurement of conventional ammunition. This report traces a DOD study that resulted in the Joint Conventional Ammunition Production Group, the initiation of the draft DOD Directive and the associated Implementation Plan. The tri-service issues dealing with the utility of the Single Manager concept, the personnel required, the limits of the Single Manager authority/responsibility and the implementation schedule are presented. The report concludes with the Secretary of Defense Memorandum (September 1976) that implements the Single Manager Concept.

KEY WORDS: Ammunition, Management Control, Procurement Management

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SINGLE MANAGER ASSIGNMENT FOR CONVENTIONAL AMMUNITION
THE EVOLUTIONARY ISSUES

Study Project Report
Individual Study Project

Defense Systems Management College

Program Management Course

Class 76-2

by

Paul E. Bovenkerk
Major USAF

November 1976

Study Project Advisor
Mr. Wayne Schmidt

This study project report presents the views, conclusions and recommendations of the author and does not necessarily reflect the official opinion of the Defense Systems Management College or the Department of Defense.

EXECUTIVE SUMMARY

Consolidation of similar functions into a single manager is one method of achieving increased efficiency while reducing costs. The "Single Manager Assignment for Conventional Ammunition" is the example discussed in this report.

This Individual Study Program traces the Single Manager concept from the basic idea to its present day status. The methodology utilized was to identify the source of the concept, discuss the DOD Directive, the Implementation Plan and the evolutionary issues that resulted as the Single Manager concept progressed with time. Four basic issues are enclosed. The first issue, Single Manager Concept - Asset or Detriment, presents controversial data that casts doubt on the value of the Single Manager concept: The nonsupport by the Joint Logistic Commanders, the institution of the Joint Conventional Ammunition Product Group and the potential for lower efficiency in operations. The second issue, Personnel, discusses the increased personnel that would be required for the Single Manager concept. None of the Services have the personnel to dedicate to the concept and they suggest that the effect of consolidation is not increased efficiency but rather additional layering of management. The third issue, Who Owns the Assets - Wholesale versus Retail, presents the diverse positions of the Services. The varying positions entail the basic philosophies of who owns the ammunition in storage and who has the responsibility for its deployment and transportation. The Wholesale-Retail issue progresses to the scope of authority possessed by the Single Manager. Is his responsibility for procurement and production only or does it include storage and transportation as well?

The fourth issue, Schedule, presents the schedule motivations of the Services. The Army currently has two complicating factors to deal with; the ammunition plant modernization program and the reorganization of the Armament Command. Their desire is to stretch out the implementation. The Navy motivation is to transfer their ammunition production plants to the Army as soon as possible to avoid capital expenditures to maintain and renovate the deteriorated facilities. The motivation of the Air Force is to retain procurement control of GAU-8 Ammunition until 1979-80; the time required to complete fabrication of the war reserve quantity.

The Conclusion presents the Deputy Secretary of Defense, Mr. Clements, decision to fully implement the Single Manager concept. It also details the compromises and results of the issues presented earlier in the report.

ACKNOWLEDGEMENTS

To Mr. Wayne Schmidt, I express my appreciation for his encouragement and advice.

To Mr. Roger Bracken and Mr. Don Dudas, I express my sincere gratitude for their assistance in identifying and acquiring information for this project.

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SECTION 1

INTRODUCTION

Background:

During the past decade a number of action or "buzz words" and phrases have become more prevalent in the DOD environment. Words and phrases such as commonality, standardization, consolidation, joint service programs, and NATO standardization have become influential factors in the separate Services. The implementation of these words and phrases altered and continue to alter research, development, and hardware programs down to the lowest levels of the development community. In the various service laboratories, one can find joint service programs on technology. Recently the Air Force and Navy programs on Fuel Air Explosives were combined with the identification of the Navy as the lead service. In terms of hardware, the Gator mine is a combined Army/Air Force program. Within the past five years, ammunition has become standardized. The 5.56mm and the 7.62mm ammunition sizes have become NATO standards. OSD has decreed that the ammunition between 20 and 40mm be standardized in 5mm increments. In early development, the Army Bushmaster gun had three possible sizes. Now it is standardized at 25mm. The GAU-8 ammunition is now standardized at 30mm.

The benefits of standardization are usually beneficial and can be directly translated into monetary savings. If two or more Services can utilize the same item, development costs, production costs, operation costs and maintenance costs can all be reduced. An attendant reduction in government personnel or reallocation of government personnel to other programs results in additional economies. It is understandable that the DDR&E/OSD community are continually guiding and directing the Services toward more

consolidation and standardization. The increased cost of weapons systems and the somewhat stagnant budget forces economies and compromises in the Services.

Functional consolidation is also becoming evident. This report centers on one such example, the concept of combining the procurement and production of common ammunition items into one organization. This concept is entitled the "Single Manager Assignment for Conventional Ammunition." This consolidation is in response to the DOD Directive 5160.65, "Single Manager Assignment for Conventional Ammunition."

Objective:

The objective of this Individual Study Program was to determine and document the Single Manager concept from its genesis to its present status. The methodology utilized was to focus on the issues or conflicts that developed as the concept of a single manager evolved: What, if any, were the effects on production, and deployment of the Services and why did these issues evolve.

Scope:

The report is confined to the major evolutionary issues of the Single Manager concept. The report starts at the beginning of the concept and continues to its current status. Since the Single Manager concept is not fully implemented, some of the narrative cannot be bound into a historical conclusion. Where trends are evident or perceived by the author, the probable conclusion will be presented.

Methodology:

The methodology utilized was to obtain information from four sources; the DOD directive, the Implementation Plan, interviews and correspondence

dealing with the Single Manager concept. The derived information is combined in the format of issues to present the Single Manager concept.

SECTION II

SYNOPSIS

DOD DIRECTIVE 5160.65, SINGLE MANAGER ASSIGNMENT FOR CONVENTIONAL AMMUNITION

Introduction:

The DOD Directive 5160.65, "Single Manager Assignment for Conventional Ammunition," hereafter called the DOD directive, is traceable to mid 1974. On 4 June 1974, Mr. Mendolia, Assistant Secretary of Defense (I&L), transmitted the draft directive to the Assistant Service Secretaries (I&L). The transmittal memorandum requested impact statement. On 26 November 1975, Mr. Clements, Deputy Secretary of Defense, transmitted the revised directive to the Service Secretaries requesting their support in implementing the directive.

Directive Content:

The following paragraphs provide important highlights from the DOD directive. The two objectives of the Single Manager assignment are to:

- A. "Integrate conventional ammunition logistic functions of the Military Departments to the maximum extent practicable thereby eliminating unwarranted overlap and duplication;"
- B. "Achieve the highest possible degree of efficiency and effectiveness in the DOD operations required to provide top quality conventional ammunition to U.S. forces during peacetime and mobilization."

Section V of the DOD directive identifies the responsibilities and functions of the Service Secretaries. The Secretary of the Army shall - "procure ammunition, including his own and that assigned to him---."

This statement identifies the Secretary of the Army as the Single Manager.

The DOD directive also stated that the Secretary of the Army shall:

- A. "Manage, operate and maintain the wholesale inventory of ammunition in CONUS, including related and required installations and facilities or parts of them."
- B. "Manage transportation and handling of assigned ammunition during procurement and in the wholesale inventory--."

The term "wholesale" will become part of an important issue.

The Secretaries of the Navy (including Marines) and the Air Force shall:

- A. "Assign ammunition approved for use by their Military Service and released for production, to the Secretary of the Army---"
- B. "Provide their requirements as to quantities and priorities of assigned ammunition--."
- C. "Submit purchase requests for procurement of assigned ammunition to the Secretary of the Army---."

THE IMPLEMENTATION PLAN

Introduction:

On 27 June 1973, Lt. Gen. F. Kornet, Army Deputy Chief of Staff (Logistics) sent a letter to Gen. H. A. Miley, Commander, U.S. Army Materiel Command. The following paragraph is quoted from that letter.

"The Assistant Secretary of Defense (I&L) has requested that the Joint Logistics Commanders (JLC) be tasked to conduct the study and develop the plan. In view of the predominant role of the Army in the management of conventional ammunition, request that you take the lead in tasking the JLC in this effort."

This letter delegated the implementation plan responsibility for the Army portion to the Army Materiel Command.

A JLC letter, 6 August 1974 to the Army Deputy Chief of Staff (Logistics) raised several objections to the draft DOD directive. The concluding paragraph of that letter states,

"We therefore recommend that the Secretaries of the Army, Navy, and Air Force request the Assistant Secretary of Defense (I&L) to withdraw the proposed DOD directive."

The result of these two letters led to an implementation plan that was written primarily by the Army. Throughout this report the philosophy of the Implementation Plan will be attributed to the Army.

The Implementation Plan:

The Implementation Plan Index consists of a basic plan and 28 annexes as shown in Table I. The titles of the annexes provide an insight to the type of information contained in the Implementation Plan.

TABLE I

THE IMPLEMENTATION PLAN INDEX

BASIC PLAN (SUMMARY)

ANNEX

- A INTERNAL MANAGEMENT PLAN
- B FACILITIES PLAN
- C EQUIPMENT PLAN
- D PERSONNEL PLAN
- E PROGRAM, BUDGET, & FUNDING PLAN
- F MANAGEMENT INFORMATION SYSTEMS PLAN
- G REORGANIZATION MOVEMENT PLAN
- H CRANE PLAN
- I HAWTHORNE PLAN
- J MCALESTER PLAN
- K PROCUREMENT AND PRODUCTION PLAN
- L CONFIGURATION MANAGEMENT PLAN
- M PRODUCTION BASE MODERNIZATION PLAN
- N WHOLESALE INVENTORY MANAGEMENT PLAN
- O DEPOT MAINTENANCE/RENOVATION/DEMILITARIZATION PLAN
- P PRODUCT ASSURANCE PLAN
- Q TRANSPORTATION & TRAFFIC MANAGEMENT PLAN
- R INFORMATION PLAN
- S SECURITY PLAN
- T SAFETY PLAN
- U COMMUNICATIONS PLAN
- V RECORDS AND REPORTS PLAN

ANNEX

- W OTHER SUPPORT SERVICES
- X TABLES OF DISTRIBUTION & ALLOWANCE
- Y INTERSERVICE SUPPORT AGREEMENTS & JOINT OPERATING
POLCIES AND PROCEDURES
- Z WORK BREAKDOWN STRUCTURE
- AA MASTER LIST OF IMPLEMENTATION ACTIVITIES/EVENTS
- BB PERT IMPLEMENTATION NETWORK

Several excerpts from the Basic Plan are listed below. These excerpts will be important in the subsequent issues.

- A. "The single manager team will be a tri-service organization."
- B. "In addition to the Single Manager, each service will maintain complete records on the ammunition it procures."
- C. "Wholesale inventory: Those assets held in CONUS depots or ammunition plants which have not been transferred to a user command or organization."

SECTION III

THE ISSUES

ISSUE ONE: SINGLE MANAGER CONCEPT - ASSET OR DETRIMENT

Introduction:

The idea or concept of a single manager is traceable to the early 1970s. The idea is believed to have been generated by one or several surveys and study programs sponsored by the General Accounting Office (GAO). A report to Congress entitled, "Effective Central Control Could Improve DODs Ammunition Logistics," dated 6 December 1973 provides a synopsis of the findings from various studies and recommends several alternate courses of action. The report provides examples of duplication of effort; additional costs to the U.S. Government by virtue of nonefficient storage location and an illusion of noncooperation between the Services. The report recommends consolidation of ammunition procurement under a central management organization.

Current Procurement Management:

To understand the rationale that follows, a brief description of the DOD procurement methodologies is included. The Assistant Secretary of Defense (I&L) is the principle staff assistant to the Secretary of Defense for munitions procurement policy and management. The Assistant Service Secretaries (I&L) manage the procurement for their respective Service. Each Service determine its individual needs and budgets for the needs. Both the Army and the Navy own ammunition assembly plants. The Air Force normally procures ammunition from the other Services or from industry. Both the Army and the Navy maintain depots to store ammunition. The Air Force utilizes these facilities. Each Military Service maintains complete accountability over the ammunition it procures.

Inter-Service Communication and Control:

Several methods of improving ammunition procurement were proposed in the early 1970s and reiterated in the GAO report. One approach was to establish a separate organization within OSD or DOD to be responsible for all ammunition procurement. A second approach was to identify a single service to manage production and procurement for the Services. A third approach was to establish a tri-service coordinating group to insure effective management in ammunition procurement.

The GAO report in draft form was sent to OSD on 14 March 1973 prior to going to the Congress. On 8 June 1973, Mr. McCullough, Acting Assistant Secretary of Defense (I&L) responded to the GAO draft report. His letter refutes several examples cited in the report and illustrates other instances to demonstrate that the services do communicate effectively. The letter also describes the JCAP (Joint Conventional Ammunition Products) group.

The JCAP Group:

In 1971, the Assistant Secretary of Defense (I&L) requested a study to improve ammunition management. This study resulted in a recommendation to form the JCAP group. The Assistant Secretary of Defense (I&L) approved the JCAP concept in March 1973.

The JCAP group operates under the Joint Logistics Commanders and is responsible for addressing daily management problems, for developing necessary requirements data and for determining facility capabilities and was to be evaluated periodically to judge their effectiveness. The evaluation indicated that they did become effective rapidly. Within three months, they became engaged in developing uniform cost and accounting procedures and a coordinated management information system to provide such information

as item production costs, inventory data requirements and facilities capabilities and capacities.

Discussion:

The title of this issue is SINGLE MANAGER CONCEPT-ASSET OR DETRIMENT. In the preceding paragraphs the essential information was presented to establish the framework. A study was conducted that resulted in the JCAP. The draft DOD Directive was issued to the Service Secretaries in June 1974. This action resulted in a JLC recommendation to withdraw the DOD Directive. The 6 August 1974 JLC letter states:

"In his memorandum of 30 January 1974 responding to the GAO report, Secretary Mendolia indicated that OSD (I&L) planned on assessing the JCAP performance and its potential during July 1975. We believe that this is still the prudent course of action. We therefore recommend that the Secretaries of the Army, Navy, and Air Force request the Assistant Secretary of Defense (I&L) to withdraw the proposed DOD Directive."

Finally, the individual Services will continue to maintain complete accounting systems for their respective ammunition. This situation results in two layers of record keeping with the attendant manpower required. The Implementation Plan cites a need for at least 176 additional employees and an implementation nonrecurring cost of 4.9 million dollars.

The stated objective of the directive was to eliminate unwarranted overlap and duplication and achieve the highest possible degree of efficiency and effectiveness in DOD operations. The JCAP was established to eliminate unwarranted duplication and was progressing toward that objective. The investigation indicates that the Single Manager concept would be counter productive. It adds a layer of management to production and procurement actions. The Single Manager concept requires additional manpower

and funds. If a net savings is to be realized, it will not be in the foreseeable future.

The question remains; Why was the Single Manager concept instituted in 1975? No precise answer could be determined: Possibly continued pressure from the GAO, anticipated or actual pressure from the Congress or a firm belief within the OSD resulted in the Single Manager Concept.

ISSUE TWO: PERSONNEL

Discussion:

One of the objectives of the Single Manager concept was to consolidate functions into one organization to realize the economies of a combined operation. The Basic Plan and Annex D of the Implementation Plan present the personnel requirements under the Single Manager concept. Table II presents a manpower summary in terms of required positions, personnel transfers and personnel deficits.

TABLE II

MANPOWER SUMMARY

	<u>Validated Requirement</u>	<u>Identified For Transfer</u>	<u>Difference</u>
ARRCOM HQ. ¹	381	208	-173
Rock Island Arsenal	13	13	0
PM/MPBME ²	5	7	2
Crane Army Activity	539	534	- 5
McAlester AAP	973	853	-120
Hawthorne AAP	<u>933</u>	<u>794</u>	<u>-139</u>
TOTAL	2844	2409	-435

Table II provides an indication of the magnitude of the reorganization required to implement the Single Manager concept. Personnel currently filling 2409 positions will be transferred. In addition, there will be

¹ARRCOM - Armament Readiness Command

²PM/MPBME - Program Manager for Munitions Production Base
Modernization and Expansion

435 positions for which no personnel have been identified. Of these 435 positions, 239 are to replace the Marine guards at the McAlester and Hawthorne munition plants. The issue arises over how the Services will fill the remaining vacancies. The Air Force has not identified any personnel to fill the positions. The Navy has identified 4 and the Army has identified 57. At the moment, this issue is unresolved. If OSD requires the Services to fill these positions from within, the importance of this issue will increase. Both the Air Force and the Navy indicate that the requirement for additional personnel provides a clear indication of the layering of management required by going to the Single Manager concept.

ISSUE THREE: WHO OWNS THE ASSETS - WHOLESALE VERSUS RETAIL

Introduction:

One of the primary issues involves the terms wholesale and retail. When does an item change from the wholesale category to the retail category? As will be shown in this issue, the semantics used to describe the product has an effect on ownership and control.

Paragraph VA8 of the DOD Directive states that the Secretary of the Army shall:

"Manage, operate and maintain the wholesale inventory of ammunition in CONUS---. The wholesale inventory consists of his own ammunition and that assigned to him by the Secretary of the Navy and the Air Force."

The Army Single Manager Position:

The Single Manager definition of wholesale is:

"Wholesale inventories consist of assets stored in the Single Manager for Conventional Ammunition depots or plants not yet physically transferred to the user command or organization."

In order for the item to become retail it must be delivered to the operational user or an overseas import point. This definition means that ammunition procured with a purchase request by another Service remains under total Single Manager control past the procurement or production point. In fact, the ammunition remains wholesale as part of a general stock during storage and transportation to the user in the CONUS or overseas.

The Navy Position:

The Navy interprets the DOD Directive literally and defines wholesale ammunition as that Navy owned ammunition assigned to the Single Manager by the Navy. The Navy believes that each Service owns and is responsible

for the location of ammunition by lot, quantity and readiness condition. In essence, ownership by the funding service is achieved after the ammunition is produced and that ammunition becomes retail at that time. In addition, the Navy believes that they could not adequately plan, program, and defend overall ammunition budget requests without having control of the inventory and distribution.

The Air Force Position:

The Air Force position on wholesale and retail is analogous to the Navy position. The Air Force interprets the directive to mean that the Army procures and/or fabricates ammunition in response to a purchase request analogous to a customer/contractor relationship. The items produced are identified by serial number or lot number and becomes the property of the Air Force at the time of commodity identity. Storage and distribution are separate functions. Although it is traditional for the Army to store the ammunition, that ammunition is identified as Air Force property and is stored or transported in accordance with an Air Force request.

OWNERSHIP

The Army Single Manager Position:

Who really owns the ammunition in storage? Is it the Single Manager or the individual Services? The Single Manager or Army position is that the ammunition stocks are jointly owned but under the control of the Single Manager. In essence, each service owns stock in the inventory pool. The ownership is in terms of so many rounds of ammunition, so many missiles or some other commodity. Ownership by lot or serial number is not applicable. Date of manufacture does not apply to ownership. All of the assets make up a wholesale pool of commodities. Ownership is a share of the assets. According to the Implementation Plan, the Single Manager has the authority to issue in response to a Service request, ammunition that is considered to be "the same" or "interchangeable." The terms "the same" or "interchangeable" are interpreted to be items with the same nomenclature or national stock number. The Single Manager has the authority to issue these commodities from any storage depot. The actual items delivered may or may not be the same commodities purchased by that Service.

The Navy Position:

The Navy believes that the Service who funds for the ammunition owns the ammunition. They assert that ownership is synonymous with accountability which requires maintaining accurate records of items by lot number. The Navy contends that Single Manager latitude in the wholesale concept during storage would make it difficult for the Navy to adequately plan, program, and defend overall ammunition budget requests. Assignment of the wholesale storage function to the Single Manager does not relieve each Service from maintaining a staff to manage the assets including reports

to higher headquarters. In essence, the Navy position advocates the philosophy that the assets become retail after fabrication and are stored as retail assets belonging to the individual Service.

The Air Force Position:

Each Service is required to maintain accountability for its ammunition assets and is responsible for the funds provided. Conventional ammunition, as a commodity, is unique in that it is a "one-shot" consumable item. Its configuration to accommodate varying delivery conditions and different delivery systems is complex. Lot number control of Air Force ammunition is essential to insure their safety and reliability. The "integrated equity concept" (wholesale concept) does not provide the requisite data for the Air Force to control the quality of its ammunition throughout the life cycle of the items.

Two examples are provided to illustrate this position. The "M" series of 20mm ammunition can be made with either a brass cartridge case or a steel cartridge case. The ammunition carries the same nomenclature on the assembled round regardless of the cartridge case material. Tests and experience with aircraft gun systems have indicated both reduced torque requirements and a diminished tendency to jam with the steel cartridge case. In view of these results, it is common for the Air Force to specify the nomenclature and the cartridge case material when initiating purchase requests. This example illustrates that items that are believed to be common may not necessarily always be common when coupled with the operating environment.

The second example illustrates the serviceability aspect of ammunition. The 20mm ammunition is loaded only once in most aircraft systems

utilizing the M61 type gatling gun. This restraint was imposed after several incidents of long action times (delayed action) of ammunition resulting in gun jams or potential aircraft damage. The theory is that the cartridge case/projectile seal is occasionally broken during cycling or downloading thereby allowing moisture to enter the cartridge case and the propellant. As a result, ammunition that is uploaded into an aircraft and then downloaded for some reason, such as a change in mission, is reclassified to grade four and restricted to the M39 gun system. The M39 is a low rate of fire gun that is unaffected by increased action times. The point is that this downloaded ammunition could be returned to a depot for storage and then reissued. Special control is required to insure that it is not returned to the wrong gun system.

Finally, the Air Force contends that they must maintain world wide inventory control visibility including both ammunition owned by the using Service and ammunition stored within the CONUS. The Air Force must manage all assets to assure stockpile serviceability, to prevent shelf-life controlled items from becoming over age, to support requirements computations and to insure Air Force readiness.

TRANSPORTATION

The Army Single Manager Position:

The Implementation Plan indicates that the Single Manager will have the authority and responsibility to release wholesale ammunition from depots. This release will be issued in response to an advance request from the Service(s). The Single Manager will have the authority to dispatch the commodity from any storage depot in the CONUS.

In conjunction with this release authority, the Single Manager will have the authority to transport the ammunition to the using command. Funds for the shipment will be provided by the individual Service(s). The Implementation Plan stipulates that the ammunition remains a wholesale item until it is delivered to the using command. If the using command is outside the CONUS, the Single Manager will still provide transportation overseas to the using command. The Army position is that this flexibility in shipping is required to take advantage of economies of combined shipments, efficient transportation modes and efficient routing. The flexibility to ship from a depot of choice through the transportation that is most efficient for that particular circumstance is considered an essential criteria for the Single Manager concept.

The Navy Position:

In order to maintain combat readiness, the Navy must retain control of assets and their distribution to insure delivery of the required ammunition to the required location within the required time frame. The Navy contends that the assignment of transportation to the Single Manager would remove direct control from the individual Service and prevent the Navy from responding effectively to Fleet Commanders contingency mission requirements.

In addition, shipment by the Single Manager of ammunition that must be mated with other accessories not under Single Manager control would be complicated, resulting in a loss of readiness and a loss of efficiency.

The Air Force Position:

The Air Force contends that many ammunition components needed to make a complete weapon are more closely associated with the aircraft delivery system rather than the warhead itself. Extensive knowledge of these systems not normally available to the Army is required to insure that transportation of the various components, often from different storage sites, is coordinated to result in a complete weapon available at the point of usage.

To illustrate the point, consider that there are a number of different kits that can be utilized with a general purpose bomb. These kits could consist of guidance and control packages or various types of fuzing mechanisms. Certain kits are applicable to certain aircraft. These kits are stored in separate locations not under Single Manager control. They must be mated to the bomb before it can be utilized. Hence, it is imperative that both the bomb and the kit are available to perform the mission.

The Air Force objects to the philosophy of utilizing multi-service shiploads based on value and density factors. The Air Force contends that experience in the Southeast Asian conflict indicated that dedicated shipments, each meeting the complete weapon concept, is essential to provide operational flexibility that the Air Force requires.

During the Southeast Asian conflict, the Services strived to maintain a 30 to 45 day stockpile of ammunition. There were numerous occasions where these resources were diminished to less than several days reserve

due to transportation and logistics. In some instances, ships proceeded to different ports to unload other supplies; in other cases only part of the total weapon was available with associated parts unloaded at other ports. Finally, in other cases, the delay was due to paperwork of combined shipping resulted in late deliveries. These experiences resulted in dedicated ships carrying complete weapons and a decentralized logistic support. The result was better logistic support and reduced "pipeline" times.

WHOLESALE VERSUS RETAIL SUMMARY

Summary:

The definition of wholesale and retail can have a substantial effect on the methodologies of doing business. The Army stipulated that the ammunition becomes retail upon receipt of the using command. This interpretation provides the Single Manager flexibility in storage, substitution of equity and interchangeable ammunition and economies in transportation.

Both the Navy and the Air Force define the ammunition in storage as retail and thereby allows the individual Services more flexibility in maintaining, tracking and controlling the disposition of owned ammunition. The Air Force and Navy believe that they cannot relinquish complete responsibility for the ammunition they procured and still meet their tactical obligations.

The preceeding paragraphs provide an insight to the alternate motivations of the Services. The motivation of the Single Manager is to incorporate procurement, production, storage and transportation under Single Manager control to provide the best opportunity to show economies. The Air Force and the Navy motivations are different. If the Single Manager concept must be incorporated, then it should be confined to procurement and production only. Storage and shipment should be retained by the individual Services.

ISSUE FOUR: SCHEDULE

The Army Position:

The Deputy Secretary of Defense, Mr. Clements, in his memorandum of 26 November 1975 stated, "The program changes in personnel and costs should be phased into the regular planning, programming and budgeting schedule as quickly as possible and completed no later than the end of FY 1979." At one time, the Army believed that this date could cause some conflict. There are two major efforts that will be taking place during the same time interval; the ammunition plant modernization program and the reorganization of the Army Armament Command into the Readiness and Development Command. Recent Army information indicates that they will be able to comply with the suspense date. The Army Assistant Secretary of Defense (I&L) letter dated 15 July 1976 cited the following implementation dates. The date for assumption of full responsibilities is recommended to be 1 October 1977 with complete transition 1 October 1979.

The Navy Position:

As part of the Implementation Plan the Navy will transfer its ammunition production plants to the Army. For years, the Navy has postponed modernization of these plants; electing to request funds for weapon system acquisition as their first priority. The opportunity to transfer these plants in an as-is condition provides a strong motivation for the Navy to support the Single Manager Concept. While they have made objections to the Single Manager concept, their objections have been tempered by the potential facility transfer. The Navy motivation is to transfer the plants at the earliest opportunity and advocates that the implementation start in October 1976 and be completed during 1977.

The Air Force Position:

Only one reason could be determined for the Air Force to be concerned with the implementation schedule. The A-10 System Project Office is currently procuring the production ammunition for the GAU-8 Gun System. They want to retain this responsibility until the majority of the war reserve quantity is produced. Their desire would result in the transfer of production responsibility for GAU-8 ammunition between 1979-1981. The Air Force does not own or operate any ammunition manufacturing plants, so facilities transfer is not an issue.

CONCLUSION

On September 7, 1976, the Deputy Secretary of Defense, Mr. Clements issued a Memorandum for the Secretaries of the Military Services. The following excerpts from that memorandum provide the current status of the Single Manager concept.

"On 9 July 1976 each service presented its position on the Single Manager Assignment for Conventional Ammunition. These positions have now been reviewed. I still desire to pursue my original two objectives, which are: 1) integration of conventional ammunition logistics functions to the maximum extent practical and 2) achievement of the highest possible degree of efficiency and effectiveness during peacetime, surge and mobilization.

I would like the Single Manager and the Services to proceed with a two phased implementation plan.

Phase I (FY 77-78) The first phase will begin 1 October 1976 with phased transition of procurement, production, maintenance/renovation, storage and inventory/transportation management functions to the Single Manager---.

Command and control of Naval Ammunition Depots Hawthorne and McAlester will be transferred to the Single Manager effective 1 October 1977.

Phase II (FY 79-80) The responsibilities of the Single Manager will be expanded during this phase. Exact responsibilities are to be developed similar to other Single Manager assignments---."

The memorandum also contains an enclosure that clarifies the concepts and definitions that were part of the issues. That enclosure is quoted below.

- "The following definitions of wholesale and retail conventional ammunition apply to the Single Manager for Conventional Ammunition:

Wholesale - All conventional ammunition stocks between point of production and point of receipt at first intermediate retail CONUS activity (e.g., tidewater port, air base, post, camp, or station).

Retail - Conventional ammunition stocks between point of receipt at first intermediate/retail CONUS activity and point of consumption.

- The Single Manager will report to each Service the wholesale assets by quantity, facility location, lot number and readiness condition. Each Service retains the right to evaluate the condition of their own ammunition and prepare summary reports on their total inventories.
- The Single Manager is to coordinate with the Services in selection of storage depots so as to minimize cost of maintenance and to optimize ability to meet Service requirements. The Services do not have veto power over the final decision by the Single Manager.
- Inter-Service transfers will continue to require approval of the affected Service(s). However, for items with a high degree of commonality, the Services should provide pre-arranged standing approvals permitting the Single Manager to make inter-Service transfers.
- The Single Manager will coordinate with Military Traffic Management Command (Army), Military Sealift Command (Navy), Military Airlift Command (Air Force) and Service components prior to selection of which stocks are to be shipped and from what depot. The owning Service, on an exception basis, can challenge the Single Manager's decision and provide specific instructions.

An additional enclosure to the memorandum identified personnel and costs. Table III shows that information.

TABLE III
PERSONNEL AND FUNDS

	<u>DEFICIT</u>	<u>TO BE PROVIDED BY:</u>		
		<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>
Personnel	179	165	7	7
Annual Recurring Cost	3,970K	3,660K	155K	155K
One Time Cost	1,574K	708K	708K	158K

The Army rebutted the 165 positions that they are to provide. One source indicated that the DOD agreed to supply or fund 80% of those positions. This agreement could not be located in writing and the funds or manpower have not been delivered to date.

Secretary Clements' memorandum indicated that the Single Manager concept will be a reality. The issues were resolved by Mr. Clements and his staff. From the wording contained in the memorandum and the enclosures, some compromises were made to pacify the Navy and the Air Force. Will the desired economies be realized? In the judgement of the author, if any economies are possible, they will not be realized in the near term.

Mr. Clements' memorandum also mentions that there will be a Phase II to the Single Manager concept. Phase II could involve expansion of the Single Manager control to additional munitions, foreign military sales or research and development control of conventional munitions.

Another possibility is to transfer the Single Manager responsibility to a centralized agency like the Defense Supply Agency.

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2. Single Manager for Conventional Ammunition Implementation Plan, 27 February 1976, (Basic Plan and Annexes A through BB).
3. US GAO, Report to the Congress, Effective Central Control Could Improve DOD's Ammunition Logistics, 6 December 1973.

CORRESPONDENCE (Chronological)

4. Letter, 8 June 1973, Assistant Secretary of Defense (I&L), Mr. McCullough, to Assistant Director-in-Charge of Material Management, Mr. Grosshaus, General Accounting Office.
5. Memorandum, 4 June 1974, Assistant Secretary of Defense (I&L), Mr. I. Mendolia to the Assistant Service Secretaries (I&L), topic, Management of Conventional Ammunition.
6. Letter, 27 June 1974, Deputy Chief of Staff for Logistics, Lt.Gen. F. Kornet, Jr., to Commander, US Army Material Command, Gen. H. Miley.
7. Letter, 6 August 1974, Joint Logistics Commander to Deputy Chief of Staff for Logistics (Army), topic, Single Manager for Conventional Ammunition.
8. Memorandum, 15 January 1975, Assistant Secretary of Defense (I&L), Mr. I. Mendolia to the Assistant Service Secretaries (I&L), topic, Management of Conventional Ammunition.
9. Memorandum, 26 November 1975, Deputy Secretary of Defense, Mr. W. P. Clements to the Service Secretaries, topic, Single Manager for Conventional Ammunition.
10. Memorandum, 15 July 1976, Deputy Assistant Secretary of the Army (I&L), Mr. E. Greiner to Assistant Secretary of Defense (I&L), topic, Single Manager Assignment for Conventional Ammunition.
11. Memorandum, 19 July 1976, Assistant Secretary of the Navy (I&L), Mr. J. Bowers to the Deputy Secretary of Defense (I&L), topic, Single Manager Assignment for Conventional Ammunition.
12. Memorandum, 23 July 1976, Acting Assistant Secretary of the Air Force (I&L), Mr. R. Keeoan to Deputy Secretary of Defense (I&L), topic, Ammunition Single Manager Implementation Plan.

13. Memorandum, 7 September 1976, Deputy Secretary of Defense, Mr. W. P. Clements to the Secretaries of the Military Departments, topic, Single Manager for Conventional Ammunition.